

An Overview of Daviess County's 2009 Annual Trending July 31, 2009

The following steps were taken to conduct the 2009 annual trending in Daviess County:

Step 1: Calculation of New Land Values

New land values were calculated for 2008. For residential property, land values were held constant for 2009. For commercial and industrial properties, land values generally stayed consistent between January 1, 2006 and January 1, 2009, and no updates were implemented.

Step 2: Calculation of New Residential Factors & Residential Studies

Per 50 IAC 14, a preliminary ratio study was conducted for vacant and improved residential properties at the township level. This study dictated which property classes required further analysis, stratification, reassessment or calculation of a new neighborhood factor. The February 4, 2009 memo from the DLGF states (page 4):

Change for Change's Sake

According to the *IAAO Standard on Property Tax Policy*, Standard 4.2.2 (August 2004), in the annual adjustment process, the county assessor is required to re-evaluate the factors that affect value each year, express the interactions of those factors mathematically, and use mass appraisal techniques to estimate property values. As a result, although it is necessary to observe and evaluate, **it is not always necessary to change the assessment of each property each year to achieve current market value-in-use.**

In other words, as stated in the *Statewide Property Tax Equalization Policy Report* conducted by the Indiana Fiscal Policy Institute (October 2005), **assessments only need to be changed when there is a clear indication based on market evidence that valuations no longer meet assessment level and uniformity standards, or when there are significant physical changes.**

As such, when the preliminary ratio study indicated that the majority of parcels in residential classes still were within assessment level and uniformity standards, those assessments were not changed. Harrison, Veale, Steele and Elmore Townships were the areas in which new factors were calculated, as the ratio study indicated that assessments were generally exceeding sale prices.

Step 3: Updated Commercial & Industrial Improvement Values

New commercial and industrial cost table updates were the starting point for updating commercial and industrial improvement values. The county also changed the year of depreciation from 2007 to 2008. The Nexus Group Construction Cost Index (NCCIsm) was used to update these cost tables. These detailed construction cost models have been constructed by Nexus Group and applied uniformly by property class based on specific usage, wall type and other characteristics. Work was also done involving the rolling reassessment in Daviess Township's C & I properties. Effective year and use of these properties were adjusted to bring properties back to market value.

****Please note that the period of time from which sales were used for this ratio study was from 1/1/2007 to 12/31/2008. Every attempt was made to ensure a representative sample for each property class. However, given the very low sales activity for vacant and improved industrial property in Daviess County, even going back to 2002, no additional sales data was yielded. No additional sales were yielded for vacant commercial, resulting in only 4 sales for this class. Finally, the ratio study file contains a list of all valid sales that upon further review were found to actually be invalid. These sales are located at the bottom of each worksheet tab for each property class type.**